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8 AMERICAN LAND TITLE ASSOCIATION

9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11

12 AMERICAN LAND TITLE
ASSOCIATION, a nonprofit District of
13 Columbia corporation,

14 Plaintiff,

15 v.

16 GREAT AMERICAN INSURANCE
COMPANY, an Ohio corporation;
17 GREAT AMERICAN ASSURANCE
COMPANY, an Ohio corporation;
18 AGRICULTURAL INSURANCE
COMPANY, a South Dakota corporation;
19 GROUP9, INC., a Pennsylvania
corporation; SEATTLE SPECIALTY
20 INSURANCE SERVICES, INC., a
Washington corporation; ZURICH
21 NORTH AMERICAN, an Illinois
corporation; ZURICH AMERICAN
22 INSURANCE COMPANY, a New York
corporation; FIDELITY & DEPOSIT
23 COMPANY OF MARYLAND, a
Maryland corporation; COLONIAL
24 AMERICAN CASUALTY AND
SURETY COMPANY, a Maryland
25 corporation; EMPIRE INDEMNITY
COMPANY, an Oklahoma corporation;
26 TRAVELERS INDEMNITY COMPANY
OF AMERICA, a Connecticut
27 corporation; GUARANTY NATIONAL
INSURANCE COMPANY, a Colorado
28 corporation; DEERFIELD INSURANCE

No. C 05 4365 PJH

STIPULATION FOR ENTRY OF
JUDGMENT AND JUDGMENT THEREON

Date Complaint Filed: October 26, 2005

COMPANY, an Illinois/Connecticut corporation; SAFECO INSURANCE COMPANY, a Washington corporation; SAFECO FINANCIAL INSTITUTION SOLUTIONS, INC., a California corporation; NORTH AMERICAN CAPACITY INSURANCE COMPANY, a New Hampshire corporation; BANCINSURE, INC., an Oklahoma corporation; and MATTERHORN FINANCIAL SERVICES, INC., a Maryland corporation,

Defendants.

STIPULATION

The following Stipulation for Entry of Judgment is entered into between AMERICAN LAND TITLE ASSOCIATION ("ALTA") and Safeco Insurance Company of America (incorrectly named Safeco Insurance Company) and Safeco Financial Institution Solutions (collectively "Safeco"), by and through their respective counsel.

WHEREAS on or about October 26, 2005, ALTA filed a complaint entitled "Complaint for (1) Declaratory Relief and (2) Injunctive Relief" ("Complaint") in the United States Federal Court, Northern District of California, (*ALTA v. Great American Insurance Co., et al.*, No. 05-4365 PJH (the "Action")).

WHEREAS the Action names as defendants the following parties: Great American Insurance Company, Great American Assurance Company, Agricultural Insurance Company, Group9, Inc., Seattle Specialty Insurance Services, Inc., Zurich North American, Zurich American Insurance Company, Fidelity & Deposit Company of Maryland, Colonial American Casualty and Surety Company, Empire Indemnity Company, Travelers Indemnity Company of America, Guaranty National Insurance Company, Deerfield Insurance Company, Safeco Insurance Company, Safeco Financial Institution Solutions, Inc., North American Capacity Insurance Company, Bancinsure, Inc., Matterhorn Financial Services, Inc. ("Defendants").

WHEREAS the Complaint generally alleges that the Defendants, and each of them, have either issued, marketed, offered or sold, or continue to issue, market, offer or sell, either directly or indirectly (e.g., through affiliates or producers), certain types of insurance,

1 surety or indemnity products, that violate the mono-line statutes of various states. The Complaint
2 generally refers to these challenged insurance, surety or indemnity products as “mortgage
3 impairment insurance”.

4 WHEREAS the Complaint alleges a cause of action for declaratory relief
5 regarding the legality of these challenged insurance, surety or indemnity products and a cause of
6 action for injunctive relief seeking to prohibit the Defendants, and each of them, from issuing,
7 marketing, offering or selling, such challenged insurance, surety or indemnity products.

8 WHEREAS the Complaint specifically alleges that defendants Safeco Financial
9 Institution Solutions, Inc, and Safeco Insurance Company of America (collectively “Safeco”)
10 offers an insurance policy, which includes mortgage impairment/lien priority coverage.

11 WHEREAS defendant Safeco Financial Institution Solutions, Inc. (“SFIS”) has
12 declared that in 2003 it considered issuing a product known as a Home Equity Loan Protection
13 (HELP) policy, and that CUNA Mutual issued ten such master policies on its behalf to lenders
14 from January 1, 2003 to April 15, 2003.

15 WHEREAS, defendant SFIS has declared that legal cancellation notices were sent
16 on April 15, 2004, with an effective date of June 15, 2004.

17 WHEREAS, defendant SFIS has declared that it has not issued, marketed, offered
18 or sold the policy identified as HELP nor any other kind of mortgage impairment insurance since
19 2003.

20 WHEREAS defendant Safeco has agreed that unless and until current law changes
21 it will not issue, market, offer or sell, the policy identified as HELP, nor any other kind of
22 mortgage impairment insurance, nor will defendant Safeco participate, assist or cooperate with
23 any producer, third party or other entity in issuing, marketing, offering or selling, such challenged
24 insurance, surety or indemnity products.

25 WHEREAS defendant Safeco has agreed that, in consideration of dismissal from
26 the Action, it will abide by the injunction generally prayed for in the Complaint regarding the
27 issuance of any kind of mortgage impairment insurance.

1 IT IS HEREBY STIPULATED AND AGREED between ALTA and Safeco, by
2 and through their respective counsel, that:

3 1. ALTA and defendant Safeco stipulate the above Recitals shall be
4 incorporated into this Stipulation.

5 2. ALTA and defendant Safeco stipulate to the entry of judgment in favor of
6 ALTA, and against defendant Safeco, in which defendant Safeco agrees to the terms of a
7 permanent injunction in the form of a judgment that reads as follows:

8 Defendant Safeco, and its agents, servants and
9 employees and all persons (including all entities) acting under, in
10 concert with, or for them, are hereby enjoined and prohibited from
11 issuing, marketing, offering and/or selling any insurance, surety or
12 indemnity product providing mortgage impairment insurance
13 coverage (defined to be insurance that purports to provide coverage
14 for loss arising from undisclosed senior liens or encumbrances) in
15 any state. This stipulated judgment will terminate as to any state
16 which amends its laws to permit Safeco to provide mortgage
17 impairment insurance coverage under, or pursuant to, its existing
18 insurance license; provided, however, the injunction shall remain as
19 to all other states. This will permit mortgage impairment insurance
20 in any state under their existing insurance license.

21 3. In consideration for defendant Safeco's representation that it does not issue
22 any mortgage impairment insurance in any state and its agreement to the stipulated injunction
23 above, ALTA shall move to dismiss defendant Safeco from the Action with prejudice.

24 4. ALTA and defendant Safeco stipulate that each respective party shall be
25 responsible for its own attorney's fees, costs and expenses, and that no costs shall be applied for,
26 or received, by either party.

27 IT IS SO STIPULATED.
28

1 Dated: 3/28/06

MILLER, STARR & REGALIA

2
3 By: Richard G. Carlston

4 RICHARD G. CARLSTON
Attorneys for Plaintiff
5 AMERICAN LAND TITLE
ASSOCIATION

6 Dated: March 24, 2006

7
8 By: Susan H. Ephron

9 Susan H. Ephron
Attorney for Defendants
10 SAFECO INSURANCE COMPANY OF
11 AMERICA and SAFECO FINANCIAL
INSTITUTION SOLUTIONS, INC

12
13 **JUDGMENT**

14 Pursuant to the foregoing stipulation entered into by Plaintiff ALTA and
15 Defendant Safeco, by and through their respective counsel, and good cause appear therefrom,
16

17 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

18 1. ALTA and defendant Safeco stipulate to the entry of judgment in favor of
19 ALTA, and against defendant Safeco in which defendant Safeco agrees to the terms of a
20 permanent injunction in the form of a judgment that reads as follows:

21 Defendant Safeco, and its producers, agents, servants
22 and employees and all persons (including all entities) acting under,
23 in concert with, or for them, are hereby enjoined and prohibited
24 from issuing, marketing, offering and/or selling any insurance,
25 surety or indemnity product providing mortgage impairment
26 insurance coverage (defined to be insurance that purports to provide
27 coverage for loss arising from undisclosed senior liens or
28 encumbrances) in any state. This stipulated judgment will

1 terminate as to any state which amends its laws to permit Safeco to
2 provide mortgage impairment insurance coverage under, or
3 pursuant to, its existing insurance license; provided, however, the
4 injunction shall remain as to all other states. This will permit
5 mortgage impairment insurance in any state under their existing
6 insurance license.

7 2. The Complaint filed by ALTA, as against defendant Safeco only, shall be
8 dismissed with prejudice.

9 3. Neither ALTA nor defendant Safeco shall be awarded costs of suit or
10 recovery of attorney fees and litigation expenses.

11 IT IS SO ORDERED.

12 Dated: 3/30/06

